

Message Text

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ORIGIN ERDA-07

INFO OCT-01 ARA-06 IO-13 ISO-00 ACDA-07 CIAE-00 INR-07

L-03 NSAE-00 NSC-05 EB-07 NRC-05 OES-06 FEAE-00

DODE-00 SS-15 H-02 /084 R

DRAFTED BY USERDA:AIA:BTHOMAS:LR

APPROVED BY OES/NET:DHOYLE

USERDA:AIA:GFHELFRICH

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IO/SCT:LCAVANAUGH

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R 081417Z SEP 76

FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES

INFO USMISSION IAEA VIENNA

AMEMBASSY LIMA

C O N F I D E N T I A L STATE 221820

E.O. 11652: GDS

TAGS: TECH, AR, US, PE

SUBJECT: ARGENTINE INTEREST IN FABRICATING U.S.-ORIGIN
RESEARCH REACTOR FUEL FOR PERU

REF: (1) BUENOS AIRES 3162 (2) BUENOS AIRES 4042

1. DURING JUNE 1976 VISIT OF ERDA PHYSICAL SECURITY REVIEW
TEAM, CNEA OFFICIALS RAISED MATTER OF CNEA'S USE OF U.S.
HIGHLY ENRICHED URANIUM TO FABRICATE FUEL FOR PERU, FOR USE
IN RESEARCH REACTOR WHICH ARGENTINA MIGHT MANUFACTURE AND
EXPORT TO PERU. ERDA TEAM INDICATED THAT U.S. AND PERU DID
NOT HAVE AN AGREEMENT FOR COOPERATION RELATING TO CIVIL
USES ATOMIC ENERGY UNDER WHICH SUCH U.S. MATERIAL COULD BE
COVERED. TEAM DID NOT ENCOURAGE THIS EFFORT AND DECLINED
TO COMMENT ON HOW THE USG MIGHT VIEW SUCH A PROPOSAL. IT
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SHOULD ALSO BE KEPT IN MIND THAT PRESENT (1969) U.S.-

ARGENTINE AGREEMENT FOR COOPERATION DOES NOT HAVE ADEQUATE SCOPE FOR PERMITTING ARGENTINA TO RECEIVE U.S. FUEL MATERIAL FOR SPECIFIC PURPOSE OF FABRICATION FOR THIRD COUNTRIES.

2. IF GOA OFFICIALS PURSUE THIS SUBJECT, EMBASSY REQUESTED BE NONCOMMITAL AND TO REFER MATTER TO DEPARTMENT. AS MAY BE NECESSARY/APPROPRIATE, EMBASSY MAY INDICATE THAT U.S.-GOA AGREEMENT FOR COOPERATION DOES NOT HAVE ADEQUATE SCOPE

UNDER WHICH SUCH THIRD-PARTY FABRICATION MIGHT BE UNDERTAKEN, NOR IS THERE (AS EMBASSY RECOGNIZED) A U.S.-PERU AGREEMENT UNDER WHICH SUBSEQUENT RETRANSFER OF U.S.-ORIGIN FUEL MATERIAL MIGHT BE COVERED, AS REQUIRED RE U.S. MATERIAL SUBJECT TO U.S.-GOA AGREEMENT (ARTICLE XI, SUBPARA A(3)). SUCH INDICATION, HOWEVER, SHOULD BE MATTER OF FACT AND SHOULD NOT CONVEY ENCOURAGEMENT FOR PURSUIT OF U.S.-PERU AGREEMENT FOR COOPERATION NOR AMENDMENT OF ARGENTINE AGREEMENT.

3. FYI - THERE IS AN ALTERNATIVE TO TRANSFER UNDER A U.S. AGREEMENT FOR COOPERATION (WITH APPROPRIATE SCOPE AND TERMS) WITH AN INDIVIDUAL COUNTRY, NAMELY, TRANSFER UNDER U.S.-IAEA AGREEMENT FOR COOPERATION. AS EMBASSY MAY BE AWARE, ON OCCASION U.S. HAS AUTHORIZED TRANSFER OF RESEARCH REACTOR AND FUEL UNDER U.S.-IAEA AGREEMENT TO IAEA-MEMBER STATES. HOWEVER, AT PRESENT U.S. PREFERS TO AVOID THIS ROUTE TO EXTENT POSSIBLE WHEN HIGHLY ENRICHED URANIUM WOULD BE INVOLVED. FURTHER, SINCE ARGENTINA IS NOT AN NPT PARTY (ALTHOUGH PERU IS), EXPORT OF HEU TO ARGENTINA FOR INTERMEDIATE WORK POSES DIFFICULTIES IN LIGHT OF POSSIBLE ENACTMENT OF LEGISLATION NOW BEFORE CONGRESS. END FYI

4. RE REQUEST FOR PRICE INFO PER REF (2), AT PRESENT THE ERDA DELIVERY PRICE FOR FEED (DOLLAR/KG NATURAL URANIUM IN FORM UF6) IS 31.97 AND PRICE PER SEPARATIVE WORK UNIT (SWU) IS 59.05. ON THIS BASIS PRICE OF ONE KG. OF 90-PERCENT ENRICHED UF6 IS 19,042.70. SWU PRICE SCHEDULED TO INCREASE OCTOBER 1, 1976, TO 61.30/SWU. ALSO, PRICE SUBJECT TO SCHEDULE OF CHARGES PUBLISHED IN THE FEDERAL CONFIDENTIAL

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REGISTER AT THE TIME OF DELIVERY. THIS PRICE INFO PROVIDED SO THAT EMBASSY MAY BE KNOWLEDGEABLE AND RESPONSIVE IF QUESTION STILL PERTINENT, NOT, OF COURSE, AS INDICATION OF USG ATTITUDE ON GOA PROPOSAL. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NUCLEAR COOPERATION PROGRAMS, FISSIONABLE MATERIALS TRANSFER, NUCLEAR FUELS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE221820
Document Source: CORE
Document Unique ID: 00
Drafter: AIA:BTHOMAS:LR
Enclosure: n/a
Executive Order: GS
Errors: I
Film Number: D760339-0866
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760981/aaaacrftz.tel
Line Count: 111
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN ERDA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 BUENOS AIRES 3162, 76 BUENOS AIRES 4042
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 25 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 MAR 2004 by ShawDG>; APPROVED <05 AUG 2004 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ARGENTINE INTEREST IN FABRICATING U.S.-ORIGIN RESEARCH REACTOR FUEL FOR PERU
TAGS: TECH, AR, US, PE
To: BUENOS AIRES
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006